



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

<b>Bill #</b>	SB0108	<b>Title:</b>	Revise work comp laws-ind. contractors-med. fees-impaired insurers-etc
<b>Primary Sponsor:</b>	Cocchiarella, V.	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Include in HB 2               | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### **FISCAL SUMMARY**

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b>Expenditures:</b>				
State Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
State Special Revenue	\$100,000	\$0	\$0	\$0
<b>Net Impact-General Fund Balance</b>	<u>\$100,000</u>	<u>\$0</u>	<u></u>	<u>\$0</u>

### **Description of Fiscal Impact:**

The state special revenue fund associated with SB 108, Workers' Compensation Assessment Fund (WCA), is predominately collected based on a formulas found in 24.29.954 ARM and 39-71-201, MCA. WCA revenues collected in any given year offset future assessments. Therefore, while there is an increase in revenue in the first year when penalties are collected (per sections 11, 12, and 13 of SB 108), any collection of penalties in subsequent years will offset assessments sent to workers' compensation insurance parties.

### **FISCAL ANALYSIS**

#### **Assumptions:**

1. The agency will mail information to all carriers informing them of the new penalty provisions; this will be followed by warnings the next time a carrier submits a late notice. The agency expects this will curb non-compliance by 75%.
2. The agency will assess \$50 penalties on violators who do not heed the notices.
3. There were 1,300 violations of 39-71-2205, MCA, (Section 12 of SB 108) occurred in FY 2005.
4. There were 6,700 violations related to 39-71-2204, MCA (Section 11 of SB 108) and 39-71-2337, MCA (Section 13 of SB 108) occurred in FY 2006.
5. Using these assumptions, the revenue for FY 2008 would be  $\$50 \times .25(1,300 + 6,700) = \$100,000$ .

	<b><u>FY 2008</u></b> <b><u>Difference</u></b>	<b><u>FY 2009</u></b> <b><u>Difference</u></b>	<b><u>FY 2010</u></b> <b><u>Difference</u></b>	<b><u>FY 2011</u></b> <b><u>Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b><u>Revenues:</u></b>				
State Special Revenue (02)	\$100,000	\$0	\$0	\$0
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
State Special Revenue (02)	\$100,000	\$0	\$0	\$0

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*